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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

## INFORMATION REPORT

CD NO.

COUNTRY China/Hong Kong

DATE DISTR. 1 March 1951

SUBJECT Chinese Communist negotiations and  
Shipments in the Canton-Hong Kong Area

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(LISTED BELOW)SUPPLEMENT TO  
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1. As of mid-February 1951 the official procedure adopted by the Chinese Communists was designed to reduce demands made on the Hong Kong Government which might lead to an increase in American controls, pressure or supervision at Hong Kong.\*
2. About 17 February 1951 a Chinese Communist trade commissioner arrived in Hong Kong from Peiping and was negotiating with the Hong Kong Government for an export license for the Communist-owned petroleum products stored in the Colony. The Hong Kong authorities refused his request.\*\*
3. On 15 February 1951, 300 tons of rubber which had been purchased by the Communist-controlled Nan Lsin Company\*\*\*, Hong Kong, arrived in Canton from Hong Kong. The rubber was then sent to Whampoa where it was to be used in making small rubber boats.
4. Between 6 and 26 January 1951, 1,300 tons of rubber and sulphur, 600 tons of steel, 200 tons of automobile tires, and approximately 1,200 tons of other materials were shipped by water from Hong Kong to Canton.
5. Between 1 and 15 February 1951 the following shipments were made on the Canton-Hankow Railroad:
  - a. Southbound: 800 tons of ammunition, 120 tons of steel, 1,760 tons of miscellaneous materials.

This document is hereby regraded to  
CONFIDENTIAL in accordance with the  
letter of 16 October 1978 from the  
Director of Central Intelligence to the  
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- b. Northbound: 1,500 tons of gasoline, 2,400 tons of oil of an undetermined type, 450 tons of rubber, 840 tons of cement, 4,200 tons of tungsten ore, 1,000 tons of foodstuffs and other materials.

- 25X1A \* ~~CONFIDENTIAL~~ Comment. The procedures referred to appear to be purchasing methods.
- 25X1X \*\* ~~CONFIDENTIAL~~ Comment. According to the informant, the Hong Kong authorities approached in this connection allegedly suggested, more or less openly, that the petroleum products could be smuggled out if great care were taken to avoid discovery, since the Hong Kong Government would not be able to ignore such a case.
- 25X1A \*\*\* ~~CONFIDENTIAL~~ reported earlier purchases of rubber by this company.

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